

AFRICA RISK CONSULTING

DRC Monthly Briefing September 2016

DRC Summary 30 September 2016

The Commission Electorale Nationale Indépendante (CENI) (independent national election commission) petitions the Kinshasa High Court to formally delay the presidential elections scheduled for 27 November. Talks between the government of president Joseph Kabila (2001-present) and opposition figures break down over the delay. Opposition protestors and riot police clash in Kinshasa, leaving between 30 and 100 people dead. The opposition Union Pour La Démocratie et Le Progrès Social (UDPS) accuses the police of burning down their headquarters and killing three people. The international community condemns the violence and the United States (US) imposes sanctions on senior military and police figures in Kinshasa. The Banque Centrale du Congo (BCC) (central bank) raises its interest rate from 2% to 7% to try to curb inflation and currency depreciation caused by falling commodity demand.

CENI petitions high court for election delay as unity talks fail...

The **Commission Electorale Nationale Indépendante (CENI)** (independent national election commission) petitioned the **Kinshasa High Court** on 17 September to formally delay the presidential elections scheduled for 27 November.¹ The petition confirms what opposition figures in the **Democratic Republic of the Congo (DRC)** and international observers have predicted since early 2015 – that the current administration of president **Joseph Kabila** (2001-present) will not end before the constitutionally mandated date of 15 December 2016.²

CENI filed the petition three days before official campaigning was due to begin on 20 September. It said that the revisions to voter rolls it started this year were due to take until at least July 2017 to complete.³ It did not suggest a new date for the elections.⁴ The High Court has yet to offer a formal opinion on the petition, but local sources expect it to back an indefinite delay:

*“The courts are not going to go against CENI, because that is to go against Kabila. He [Kabila] already has a **Constitutional Court** ruling to say that if the delay occurs he remains president [see ARC Briefing DRC June 2016]...the seizure of power is complete.”⁵*

The president entered into dialogue on 12 September with some opposition parties to resolve the rising tensions over the delayed elections.⁶ Most major opposition parties boycotted the talks; however, **Vital Kamhere**, leader of the **Union pour la Nation Congolaise (UNC)**, led the opposition delegation.⁷ The **Alliance des Travailleurs pour le Développement (ATD)** was the other notable party to attend.⁸ The talks initially showed some progress, with justice minister **Alexis Thambwe Mwamba** saying that Kabila would form a new government of national unity including opposition figures on 15 September.⁹ Mwamba gave no details of which opposition parties might be involved in

¹ Radio Okapi, 17 Sep 2016.

² Radio Okapi, 17 Sep 2016.

³ Radio Okapi, 17 Sep 2016.

⁴ Radio Okapi, 17 Sep 2016.

⁵ Source, businessman with ties to the opposition, Kinshasa

⁶ Reuters, 15 Sep 2016.

⁷ Reuters, 15 Sep 2016.

⁸ Reuters, 15 Sep 2016.

⁹ Reuters, 15 Sep 2016.

the government, but did say that Kabila's **Parti du Peuple pour la Reconstruction et la Démocratie (PPRD)** would continue to lead it.¹⁰

*"The government will be redone. We will put in place a government that we will co-manage between the presidential majority, the opposition and civil society."*¹¹

The talks also agreed that local, provincial and presidential elections would take place together, further compacting the future electoral timetable.¹² However, following the CENI petition, opposition leaders walked out of the talks saying that the government proposed to delay the elections until late 2018.¹³ Kamhere told the media that *"a transition of two years is unacceptable"*.¹⁴

...leading to riots that leave between 30 and 100 dead

The result of the CENI petition and the failure of the talks with the opposition have resulted in widespread violence in the capital **Kinshasa**.¹⁵ Protests and riots from 19 to 20 September have resulted in deaths ranging from 30 to 100 people; an arson attack on the headquarters of leading opposition party the **Union Pour La Démocratie et Le Progrès Social (UDPS)**; and attacks on government buildings.¹⁶ Crowds of protestors gathered outside government buildings in Kinshasa on 19 September demanding that Kabila step down immediately.¹⁷ The crowds reportedly grew to several thousand strong and refused to disperse when armed police fired tear gas into the crowd.¹⁸ According to sources who were at the protests, the police then opened live fire into the crowd:

*"We were covering the protest from a street back and saw the tear gas begin to roll in...then about ten minutes later we heard live fire rounds and screaming. People began to run in all directions."*¹⁹

International observers claim at least 44 people – including 37 demonstrators and six police officers – died between 19 and 20 September.²⁰ The deaths were all related to the police opening fire on protestors on two separate occasions.²¹ Protestors subsequently looted and burnt several police stations and a number of shops in the city.²² The figures are disputed locally, Colonel **Pierre Mwanamputu** of the Kinshasa police force claimed that only 32 people died, whereas opposition UDPS leader **Etienne Tshisekedi** claimed the number was at least 100.²³

Armed men attacked and burned to the ground the UDPS headquarters on the night of the 19 September.²⁴ UDPS figures say that three people were inside the building at the time, and all died in the fire.²⁵ UDPS deputy leader **Felix Tshisekedi** said that the men were well armed and were members of the security forces, describing it as *"an intentional criminal act"*.²⁶ International human rights watchdog **Human Rights Watch (HRW)** said on 20 September that its observers in Kinshasa confirmed that the government was behind the attack.²⁷ Tshisekedi told the media:

¹⁰ Reuters, 15 Sep 2016.

¹¹ Mwamba in Reuters, 15 Sep 2016.

¹² Reuters, 15 Sep 2016.

¹³ Radio Okapi, 17 Sep 2016.

¹⁴ Kamerhe in Radio Okapi, 17 Sep 2016.

¹⁵ Multiple sources: Radio Okapi, Reuters, La Phare, UN Press release, 19-20 Sep 2016.

¹⁶ Multiple sources: Radio Okapi, Reuters, La Phare, UN Press release, 19-20 Sep 2016.

¹⁷ La Phare, 20 Sep 2016.

¹⁸ Source, journalist, Kinshasa

¹⁹ Source, journalist, Kinshasa

²⁰ HRW press release, 20 Sep 2016.

²¹ HRW press release, 20 Sep 2016.

²² HRW press release, 20 Sep 2016.

²³ Source, businessman with opposition links, Kinshasa

²⁴ La Phare, 19 Sep 2016.

²⁵ La Phare, 19 Sep 2016.

²⁶ Tshisekedi in Reuters, 21 Sep 2016.

²⁷ HRW press release, 20 Sep 2016.

*"We have on our hands seven dead and two people who were amputated: one at the arm and another at the leg, in the fire at our headquarters in **Limete**. There are also multiple people wounded at the hospital."*²⁸

Government spokesperson **Lambert Mende** told the media that the government condemned the attack.²⁹ He categorically denied that the government was behind the burning of the UDPS headquarters.³⁰ Local sources argue that while it might not have been the police, the attack was government affiliated:

*"The PPRD has its own militia that are linked to the police...they often don't act on direct orders but follow general directions to attack the opposition. It could be their work."*³¹

Some violence continued on 21 September. Youths burned tyres in Kinshasa on the morning of 21 September, and police fired warning shots.³² The army sent trucks carrying around 50 troops to a university campus to prevent any further demonstrations.³³ However, there are no further outbreaks of disruption at time of writing. Kabila issued a statement on 21 September calling for calm and offering condolences to the families of the victims from the **United Nations (UN) General Assembly in New York**.³⁴ The government started a crackdown on 21 September after the protests died down. The UN estimates that police arrested over 200 people that day.³⁵ Attorney general **Flory Kabange Numbi** told the media that the authorities would hunt down and punish opposition activists:

*"The Congolese national police are actively seeking out the ... authors of these grave acts of murder and plunder."*³⁶

International community considers imposing sanctions on DRC

The formal delay of elections and subsequent violence has led to the international community threatening to impose sanctions on DRC, and the **United States (US)** beginning to designate DRC figures on its **Specially Designated Nationals List (SDN)**. Following the protests on 20 September, **Tom Perriello**, US special envoy for the **Great Lakes** region, said that the US government would hold all sides accountable.³⁷ He said that the DRC government failed to take steps to prevent the violence and that the US would consider appropriate sanctions against those responsible.³⁸ Kabila had sent adviser **Barnabe Kikaya** to the US on 17 September to persuade the government not to impose sanctions for delaying the elections.³⁹ Kikaya described his job as a *"pleading mission"*⁴⁰ to stop two pending motions in the US **House of Representatives** to impose sanctions.⁴¹

However, Kikaya appears to have lost the argument following the violence. The US treasury announced on 28 September that they had added DRC army general **Gabriel Amisi Kumba**, who controls the army in Kinshasa, and former inspector of the DRC police force **John Numbi**, to the SDN list.⁴² Kumba and Numbi will now forfeit all US financial assets, and all US companies and nationals are barred from doing business with them. The Treasury cited the following as reasons for the sanctions:

²⁸ Tshisekedi in Reuters, 21 Sep 2016.

²⁹ Mende in Reuters, 21 Sep 2016.

³⁰ Mende in Reuters, 21 Sep 2016.

³¹ Source, journalist, Kinshasa

³² La Phare, 21 Sep 2016.

³³ La Phare, 21 Sep 2016.

³⁴ Radio Okapi, 21 Sep 2016.

³⁵ UN Press release, 20 Sep 2016.

³⁶ Numbi in Radio Okapi, 21 Sep 2016.

³⁷ US State Department press release, 21 Sep 2016.

³⁸ US State Department press release, 21 Sep 2016.

³⁹ Radio Okapi, 17 Sep 2016.

⁴⁰ Kikaya in Radio Okapi, 17 Sep 2016.

⁴¹ Radio Okapi, 17 Sep 2016.

⁴² US Treasury press release, 28 Sep 2016.

"...increasing indications that the Government of the Democratic Republic of Congo continues to suppress political opposition in the country, often through violent means."⁴³

According to the sources, the sanctions are a warning to Kabila:

*"Numbi is a close adviser and friend of the president...the sanctions are limited to people but the message from **Washington** is clear. Stop the political violence or we will consider a full sanctions programme."⁴⁴*

The **European Union (EU)** also said on 19 September that they would consider discussing sanctions against DRC. **French** foreign minister **Jean-Marc Ayrault** told the media that the situation in DRC was unacceptable and that France would arrange sanctions talks in the EU if Kabila stayed in power beyond December.⁴⁵ French president **Francois Hollande** (2012-present) echoed this sentiment on 20 September and blamed the government for the deaths.⁴⁶ The **International Criminal Court (ICC)** also reprimanded the DRC. ICC prosecutor **Fatou Bensouda** released a statement on 23 September that her office is monitoring the situation. Bensouda was responsible for the successful prosecution of DRC opposition leader **Jean Pierre Bemba** for war crimes in June.⁴⁷ She told the media

"If acts constituting crimes within the jurisdiction of the Court are committed, I will not hesitate to act and take all necessary steps to prosecute those responsible, in line with the principle of complementarity."⁴⁸

However, the broader international community took a more conciliatory tone on 24 September when the UN, EU, **African Union (AU)**, and **Organisation Internationale de la Francophonie (OIF)** released a statement.⁴⁹ They argued:

"Only an inclusive dialogue resulting in an agreement involving the widest range of political actors will pave the way towards peaceful and credible elections. [We call] on all political actors in the DRC, including the presidential majority and the political opposition, to exercise maximum restraint in their actions and statements and to urge their supporters to refrain from violence."⁵⁰

The DRC has hit back against criticism from the international community. Mende told the media on 20 September that Hollande's comments ignored the attacks by protestors on government buildings, and implied they were patronising towards the country:

"Hollande, with the accent of a schoolteacher, has poured scorn on the Congolese government which he blames for the violence."⁵¹

Central bank raises interest rates to contain inflation

The **Banque Centrale du Congo (BCC)** (central bank) announced on 29 September that it was raising its benchmark interest rate from 2% to 7% in a bid to contain rising inflation.⁵² Low commodity prices are exerting downwards pressure on the economy and the DRC franc, which has fallen 20% against the US dollar in 2016.⁵³ The BCC forecast that consumer price index (CPI) inflation would jump to 4.13% year on year by the end of 2016, rising from 1% in 2015.⁵⁴

⁴³ US Treasury press release, 28 Sep 2016.

⁴⁴ Source, director of a think-tank, Lubumbashi

⁴⁵ Reuters, 19 Sep 2016.

⁴⁶ Le Monde, 22 Sep 2016.

⁴⁷ ICC press release, 23 Sep 2016.

⁴⁸ ICC press release, 23 Sep 2016.

⁴⁹ Joint statement, 24 Sep 2016.

⁵⁰ Joint statement, 24 Sep 2016.

⁵¹ Mende in Le Monde 22 Sep 2016.

⁵² Radio Okapi, 29 Sep 2016.

⁵³ Radio Okapi, 29 Sep 2016.

⁵⁴ Radio Okapi, 29 Sep 2016.

The **Congo Chamber of Mines (CCM)** said on 9 September that output of copper, DRC's largest export mineral, would fall by 1.7% in 2016 to 978,414 due to low demand.⁵⁵ This is a more optimistic forecast than that of the BCC, which said production had dropped by 14% in the first half of 2016.⁵⁶ The lack of dollar receipts from exports is creating a dollar cash shortage in the public purse, and in the informal economy as artisanal mining demand also slows.⁵⁷ Foreign exchange reserves have fallen 32% in 2016 to under \$1 billion, only enough to cover four weeks of exports.⁵⁸ The **International Monetary Fund (IMF)** recommends countries keep three months of export costs in reserve. This in turn is creating the inflationary pressure which the BCC is trying to contain.⁵⁹

Implications

Delaying the DRC elections comes as no surprise. The violent response in Kinshasa, a major opposition stronghold, is also not surprising. The capital city will have an extremely high risk profile until after the electoral tensions are resolved and business travelers would be wise to avoid it. A question remains: is Kabila trying to hold on to power or get out of it? The delay of the elections and violent crackdown on protestors point to Kabila as someone who is willing to keep control of DRC. He is clearly seeking to maintain control beyond the constitutional term limit, and is willing to use violence to halt any popular protest or uprising against him. However, there is an argument to be made that Kabila is trying to leverage a smooth exit for a chosen successor. Sources with access to the presidency describe Kabila as reluctant to continue in the current role. He may be trying to get the elections done to a level of credibility high enough that he can step back – while his circle maintains control of DRC. Both arguments point to the elections being significantly delayed, the opposition remaining on the outside of power and little prospect of change in the medium term.

From the perspective of the international community, the need to balance the encouragement of peaceful transitions of power with continued development puts them in a difficult situation. The US has made the first move by sanctioning key individuals. More sanctions on Kabila's inner circle will follow. However, broader processes of sanctions by the US, EU, UN or other bodies can be used by the Kabila administration as a reason to delay elections further. Banning the purchase of DRC copper, cobalt and oil could harm the economy – but **China** is a major purchaser of all three and has little interest in sanctioning the country. The international community needs to hope that threats of sanctions will be enough, but continues to wield little influence.

The increase in interest rates will exert pressure on debt leveraged businesses in DRC, of which there are comparatively few. However, it will add to pressure on DRC's emerging banking market. The jump is steep, as the BCC hopes to create further value in existing deposits. However, it may not be enough to stop the currency slide which is tied to external factors such as the price of commodities.

⁵⁵ CCM press release, 9 Sep 2016.

⁵⁶ Radio Okapi, 29 Sep 2016.

⁵⁷ Radio Okapi, 29 Sep 2016.

⁵⁸ Radio Okapi, 29 Sep 2016.

⁵⁹ Radio Okapi, 29 Sep 2016

About Africa Risk Consulting:

Africa Risk Consulting (ARC) is a pan-African consulting company that provides timely, relevant information and advice that enables its clients to take informed investment decisions and to safeguard their reputations.

ARC's core consulting services include integrity due diligence and corporate investigations, political advisory and country assessments, opportunity monitoring and reputation risk management. Most relevant to private equity firms is ARC's integrity due diligence and corporate investigations capability. Specifically, ARC offers pre-deal integrity checks to highlight red flags before negotiations start; full detailed multi-jurisdictional reputation due diligence; and supplier and senior hire vetting and repeat due diligence for compliance programmes. ARC is unique in that it offers a 10-day delivery for a routine integrity due diligence. ARC also offers a suite of corporate investigations services from immediate investigation, evidence gathering, e-discovery, forensic accounting and whistleblower support on one end to crisis media management and regular monitoring on the other.

www.africariskconsulting.com

About ARC Briefing:

ARC Briefing is ARC's essential online business information service.

Companies at any stage in their Africa expansion, whether building or communicating an Africa strategy, investing directly, expanding current operations, financing other investors, doing the legal leg-work or researching the Africa growth trend, need ARC Briefing.

ARC Briefing is an online information service keeping you:

- Up to date with Country Chronologies of business-critical events
- In the know via Country Briefings on political, economic, business and operating trends. Written in-country, ARC experts analyse and comment
- Ahead with Country Planner which details future elections, budgets, regulatory changes etc.

www.briefing.africariskconsulting.com

Getting in touch

Please contact us by email info@africariskconsulting.com or call + 44 (0) 20 7078 4080

Follow us on Twitter: [@ARCBriefing](https://twitter.com/ARCBriefing)